

VZCZCXYZ0000
RR RUEHWEB

DE RUEHBO #1118/01 0372208
ZNY CCCCC ZZH
R 062208Z FEB 06
FM AMEMBASSY BOGOTA
TO RUEHC/SECSTATE WASHDC 2000
INFO RUEHCV/AMEMBASSY CARACAS 7142
RUEHPE/AMEMBASSY LIMA 3219
RUEHZP/AMEMBASSY PANAMA 8741
RUEHQT/AMEMBASSY QUITO 3825
RUCPDO/DEPT OF COMMERCE WASHDC
RHMFISS/DEPT OF ENERGY WASHINGTON DC
RUMIAAA/USCINCSO MIAMI FL

C O N F I D E N T I A L BOGOTA 001118

SIPDIS

SIPDIS

DEPT PLS PASS DOE - A/S KAREN HARBERT

E.O. 12958: DECL: 02/07/2016
TAGS: [ENRG](#) [EPET](#) [MCAP](#) [MOPS](#) [CO](#)
SUBJECT: SUMMARY - 2005 OIL INFRASTRUCTURE ATTACKS

REF: 2005 BOGOTA 2304

Classified By: DCM Milton K. Drucker, reasons 1.4 (b) and (d).

1. (C) Summary: Colombian oil infrastructure attacks increased in 2005, due mainly to FARC offensives in the Putumayo region. While the overall number of oil pipeline and electrical tower attacks increased countrywide from 2004 levels, total figures remain at significantly reduced levels from the peak in 2001. U.S. investor Occidental Petroleum reports that while the Cano-Limon Covenas pipeline that carries its product experienced 5 more attacks in 2005 than in 2004, electrical tower attacks account for the majority of their production losses. Fuel theft from pipelines has declined dramatically from 2002-2005. End Summary.

Oil Pipeline Attacks Increase Slightly from 2004 Levels

2. (SBU) The Ministry of Defense (MND) reported that there were 123 oil pipeline attacks in Colombia in 2005, an increase of 32 percent from the 93 attacks reported in 2004. The majority of these occurred against an Ecopetrol pipeline in the Putumayo region where the FARC led a major offensive for much of the year. A breakdown of total attacks by major pipeline demonstrates that most attacks occurred in the south. The Trans-Andino pipeline, which runs from the port of Tumaco through the Department of Putumayo, suffered 90 of the 123 attacks (about 73 percent). No U.S. firms are involved with ownership or management of this pipeline. The Cano-Limon Covenas pipeline, used by U.S. investor Occidental Petroleum to move crude oil production from Arauca, was hit 22 times, according to Occidental Petroleum President Guimer Dominguez; other smaller pipelines account for the remaining attacks. The Ocesa pipeline, used by British Petroleum to transport its product from its facilities in the Casanare region, was not attacked in 2005. (Comment: Despite the increase in 2005, oil pipeline attacks remain down from a peak of the 260 attacks reported in 2001.)

Electrical Tower Attacks Spike Upwards

3. (U) MND reported that attacks against electrical towers almost doubled from 121 in 2004 to 227 in 2005. While the overall level of attacks is down drastically from a peak of 483 in 2002, electrical towers still offer illegal groups an easy target with disproportional disruptive effects on the oil industry and the lives of average citizens.

Oxy Pipeline Security Remains Stable But Production Losses

from Electrical Tower Attacks Escalate

14. (C) Attacks on the Cano Limon-Covenas pipeline used by Occidental Petroleum rose slightly from the 17 it reported in 2004 to 22 in 2005. Occidental officials viewed the increase as tolerable when compared to the record high of 170 attacks suffered in 2001 but production losses are still substantial (see para. 5). In 2006, Oxy has reported 2 pipeline attacks, the first on January 27 and a second on January 31. Oxy also reported that attacks on electrical towers affecting its operations doubled from 11 in 2004 to 21 in 2005. Of the 21 attacks last year, 11 resulted in damage that caused production losses. Electrical tower attacks are significant for Oxy since the power grid provides 50 percent of the energy it needs for operations and power losses disrupt production. Production losses would be greater but Oxy has a program to reinforce tower foundations that has helped limit damage.

15. (C) Oxy officials estimate that attacks in 2005 on the Cano-Limon pipeline and electrical towers caused production losses of almost 1.3 million barrels of oil (worth USD 66.3 million based on an average 2005 price of Cano-Limon crude oil of USD 51/barrel). Almost two-thirds of the losses (nearly 824,000 barrels) were attributable to electrical tower attacks versus hits on the oil pipeline (470,000 barrels).

16. (C) The majority of Cano Limon pipeline attacks (68 percent) occurred in the Catatumbo region of Norte de Santander, continuing a two-year trend. In past years, the majority of attacks occurred on the portion of the pipeline in the department of Arauca, close to Oxy's production facilities. Oxy officials attribute the shift to a number of factors. First, the 18th brigade of the Colombian army has been effective in establishing firmer control over the Arauca region through its patrol tactics and greatly improved capabilities resulting from U.S. military assistance in the form of helicopters and training. Second, illegal groups can hit the pipeline more readily in the mountainous terrain farther north on the pipeline in Norte de Santander and then seek refuge easily across the nearby border with Venezuela. In December 2005, the Colombian army's 30th mobile brigade assumed responsibility for Norte de Santander and Oxy officials welcomed the addition of 1,500 troops in January 2006 to this unit. Oxy President Dominguez indicated a higher level of confidence in COLMIL's ability to protect the pipeline than in the past (see reftel) but concluded the task is more difficult in this region. Third, Oxy officials asserted that coca and poppy cultivation has expanded rapidly in Norte de Santander and illegal groups hit the pipeline to distract security forces and facilitate illegal drug production and trafficking.

Efforts to Prevent Fuel Theft from Pipelines Are Succeeding

17. (U) State oil company Ecopetrol reported significant improvements in preventing fuel theft from oil pipelines in 2005. The average rate of stolen fuel fell by 78 percent from a peak of 7,270 barrels/day in 2002 to 1,601 barrels/day in 2005. Total yearly losses have declined from about USD 105 million in 2002 to USD 46 million in 2005. Ecopetrol added that there have been 236 convictions for fuel theft in the last two years and 139 related asset forfeiture/seizures during that time. The oil company attributes law enforcement successes to a strategy that focuses resources on cities that neighbor its refineries in Bucaramanga and Barrancabermeja where 53 percent of all fuel theft took place last year.

Comment

18. (C) The pace of oil pipeline and electrical tower attacks picked up in 2005 but this trend is more a reflection of the FARC strategy to go after stationary targets as part of its southern 2005 offensive than a weakening of security forces capability to protect oil infrastructure. While the trend bears watching (and there may be a spike in violence during the upcoming election season), COLMIL efforts to secure oil

infrastructure during the last four years have been largely successful. Studies done by the USMILGRP in concert with the Ministry of Defense predict a continuing decline in pipeline attacks although terrain in Norte de Santander and the closeness of the Venezuelan border will make it difficult to eradicate the problem completely. Despite its 2005 losses, Oxy remains convinced that the security climate will continue to stabilize as it expands its exploration activity. End

Comment

WOOD